



**To the Honorable Council**  
**City of Norfolk, Virginia**

May 20, 2014

**From:** Steven Anderson, Director of Development

**Subject:** Adoption of Tourism  
Development Plan for Norfolk Hotel  
and Conference Center

**Reviewed:**

Ronald H. Williams, Jr, Assistant City  
Manager

**Ward/Superward:** 2/6

**Approved:**

Marcus D. Jones, City Manager

**Item Number:**

**R-2**

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** City of Norfolk

III. **Description**

An ordinance to adopt the Tourism Development Plan developed in conjunction with the Commonwealth of Virginia's Tourism Development Financing Program, to endorse a proposed tourism project, and to authorize other actions consistent with state tourism gap financing.

This ordinance will formally adopt a Tourism Development Plan and endorse the Norfolk Hotel/Conference Center as a tourism project for the purposes of allowing the Hotel portion of the project to qualify for the Commonwealth of Virginia's Tourism Development Financing Program. The tourism Development Financing program will allow the project to capture a portion of the state sales tax to be used for gap financing of the project.

The City in a public/private partnership with Gold Key/PHR is developing the luxury Hilton Hotel and state of the art conference center with restaurants, fitness center and parking garage and compliment the tourism related assets in Norfolk. The project is expected to generate 500 construction jobs and over 250 hotel employees.

IV. **Analysis**

- This ordinance is in furtherance of the goals set forth in PlanNorfolk2030 and a previously approved ordinance by City Council (Ordinance Number 45,051), authorizing the City

Manager to take such steps as necessary to create a tourism zone pursuant to § 58.1-3851 of the Code of Virginia, 1950, as amended.

- Compliance with § 58.1-3851.1 requires approval and certification by the State Comptroller of the Commonwealth of Virginia, and the execution of a performance agreement between the Developer, the City, and NRHA.

**V. Financial Impact**

- The Hotel is the only component of the project that is eligible for the Tourism Development Financing Program. The parking garage and convention center are not part of the application.
- The tourism financing program designates to the Hotel Project an amount equal to the revenues generated by one percent (1%) of local sales and use tax generated by transactions taking place on the premises of the Hotel Project, as allocated between the Hotel Project and the conference center pursuant to the performance agreement to be entered into, and directs that such amounts be remitted to the NRHA and applied to the payment of principal and interest on the qualified gap financing for the Hotel.
- The Commonwealth will also apply an amount equal to 1% of the state sales and use taxes with such amount to be applied to the payment of principal and interest on the qualified gap financing for the Hotel.
- The developer will also match the 1% of state sales and use taxes amount with such amount to be applied to the payment of principal and interest on the qualified gap financing for the Hotel.

**VI. Environmental**

N/A

**VII. Community Outreach/Notification**

Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.


**VIII. Board/Commission Action**

N/A

**IX. Coordination/Outreach**

This letter has been coordinated with the Department of Development, City Attorney's Office and the City Manager's office.

Form and Correctness Approved: 

By   
Office of the City Attorney

Contents Approved:

By   
DEPT.

NORFOLK, VIRGINIA

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## ORDINANCE No.

AN ORDINANCE TO ADOPT THE TOURISM DEVELOPMENT PLAN DEVELOPED IN CONJUNCTION WITH THE COMMONWEALTH OF VIRGINIA'S TOURISM DEVELOPMENT FINANCING PROGRAM, TO ENDORSE A PROPOSED TOURISM PROJECT, AND TO AUTHORIZE OTHER ACTIONS CONSISTENT WITH STATE TOURISM GAP FINANCING.

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WHEREAS, § 58.1-3851 of the Code of Virginia, 1950, as amended, authorizes localities to establish one or more tourism zones; and

WHEREAS, by Ordinance Number 45,044, the City Council adopted plaNorfolk2030 as the comprehensive plan for the City of Norfolk; and

WHEREAS, pursuant to the terms of plaNorfolk2030, the City Council has determined that it would be advantageous to expand economic activity that capitalizes on Norfolk's locational advantages and economic assets by promoting downtown as the business, financial, and cultural center of the region and supporting efforts to promote Norfolk as a tourist and convention destination; and

WHEREAS, in furtherance of the goals set forth in plaNorfolk2030, by Ordinance Number 45,051, the City Council

authorized the City Manager to take such steps as necessary to create a tourism zone pursuant to § 58.1-3851 of the Code of Virginia, 1950, as amended; and

WHEREAS, by Ordinance Number \_\_\_\_\_, the City Council adopted an ordinance creating a tourism zone, known as 100Main Tourism Zone; and

WHEREAS, the City has received an application from Norfolk Hotel Associates, L.L.C. (the "Developer"), requesting gap financing assistance pursuant to § 58.1-3851.1 of the Code of Virginia, 1950, as amended; and

WHEREAS, the application includes only the hotel portion of a future hotel conference center to be developed in the 100 block of E. Main Street in the City of Norfolk (the "Hotel Project"); and

WHEREAS, the Hotel Project is located within the 100Main Tourism Zone; and

WHEREAS, the premises of the hotel conference center, of which the Hotel Project is a part, is shown more fully in the map attached hereto as Exhibit "A"; and

WHEREAS, the City has reviewed the application from the Developer and finds the Hotel Project will increase year-round employment, fills a void identified in the City's plan Norfolk2030, is located within the 100Main Tourism Zone, and the Developer has submitted proof of the need for gap financing to the satisfaction

of the City; and

WHEREAS, the City has submitted to the Virginia Tourism Corporation a development plan entitled Tourism Development Plan (the "Tourism Development Plan") as required by § 58.1-3851.1 of the Code of Virginia, 1950, as amended, a copy of which is attached hereto as Exhibit "B"; and

WHEREAS, to meet the requirements of § 58.1-3851.1 of the Code of Virginia, 1950, as amended, the City, along with the Norfolk Redevelopment and Housing Authority ("NRHA"), will be required to enter into a performance agreement with the Developer; now, therefore,

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the Council hereby endorses the Hotel Project as a project for the purposes of § 58.1-3851.1 of the Code of Virginia, 1950, as amended, and accordingly, the Council finds that the Hotel Project fills a void identified in the City's plan Norfolk2030 comprehensive plan and described more particularly in the City's Tourism Development Plan.

Section 2:- That subject to the approval and certification of the State Comptroller of the Commonwealth of Virginia, and conditioned upon the execution of a performance agreement between the Developer, the City, and NRHA, the Council hereby designates to the Hotel Project and directs, subject to appropriation of such funds to the NRHA, that an amount equal to the revenues generated by one percent (1%) of local sales and use tax generated by transactions taking place on the premises of the Hotel Project, as allocated between the Hotel Project and the conference center pursuant to the performance agreement to be entered into, be applied to the payment of principal and interest on the qualified gap financing for the Hotel

Project for the duration and purposes set forth in § 58.1-3851.1 of the Code of Virginia, 1950, as amended.

Section 3:- Upon collection of a quarterly remittance of revenues by the Commonwealth and of the access fee, as that term is defined by § 58.1-3851.1 of the Code of Virginia, 1950, as amended, by the Developer, the City will remit such amounts to the NRHA as required by § 58.1-3851.1 of the Code of Virginia, 1950, as amended.

Section 4:- The City Manager is authorized and directed to take actions consistent with the intent of this Ordinance, including, without limitation, execution of a performance agreement between the City, the Developer, and the NRHA, as required by § 58.1-3851.1 of the Code of Virginia, 1950, as amended.

Section 5:- That this Ordinance shall be in effect on and after May 20, 2014.

Exhibit "A"  
Premises of Hotel Conference Center

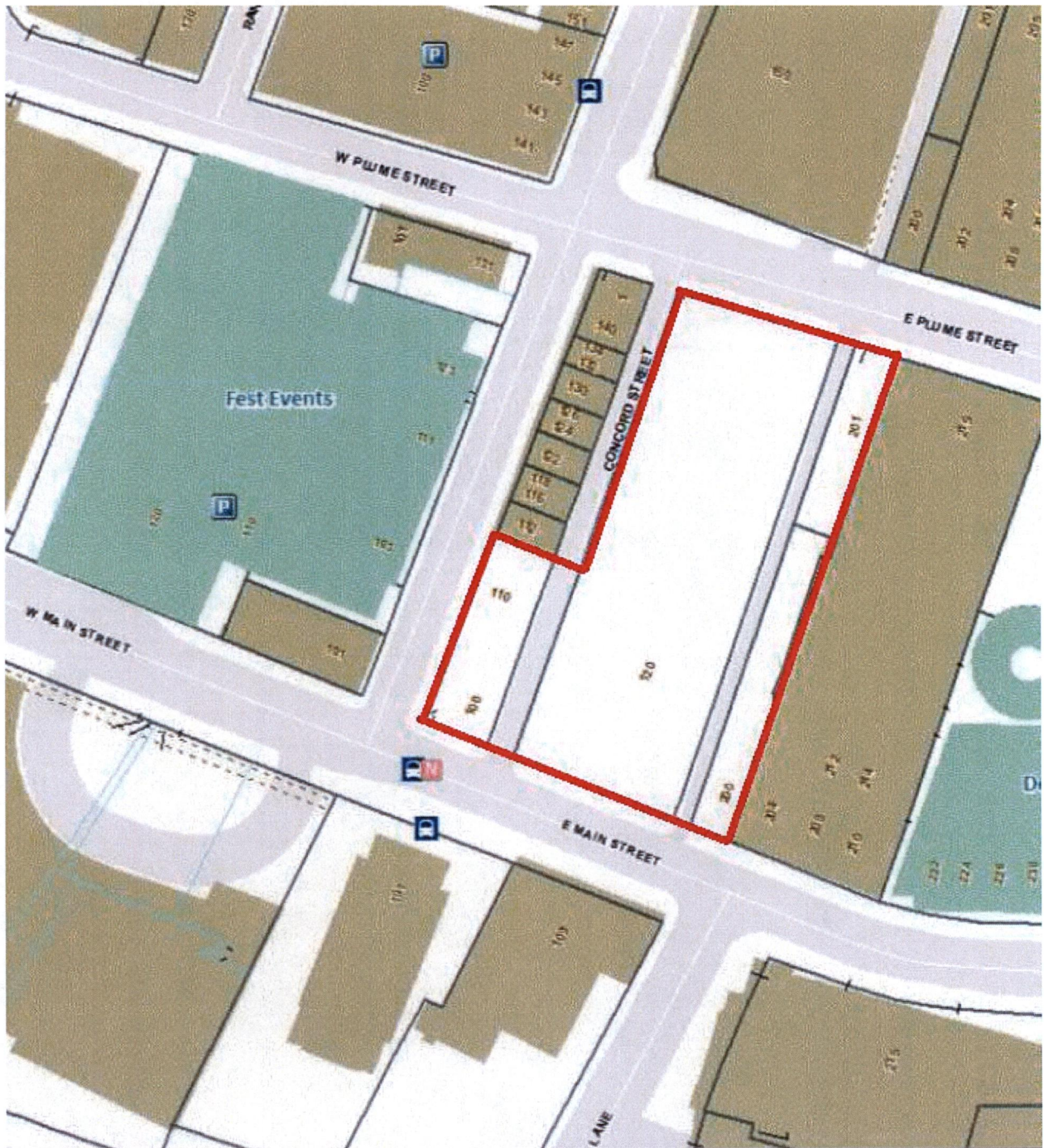


Exhibit "B"  
Tourism Development Plan  
(see attached)



### **Tourism Development Plan**

In conjunction with the Commonwealth of Virginia's Tourism Development Financing Program

#### **Lead Organization**

City of Norfolk  
500 East Main Street  
Suite 1500  
Norfolk, VA 23510

#### **Contact**

Jared Chalk, Business Development Manager  
(757) 664-4338 • [jared.chalk@norfolk.gov](mailto:jared.chalk@norfolk.gov)

## **Section 1: PROPOSED PROJECT**

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### **1-A Briefly describe the overall scope and concept of your proposed project.**

Gold Key PHR Hotels & Resorts in partnership with the City of Norfolk will develop a 23-story 300 room luxury Hilton Hotel with three (3) restaurants, a fitness center, and pool; a state of the art 50,000 square foot conference center and 600 space parking garage. The Hilton Hotel is the only component of the project that is eligible for the Tourism Development Grant. The parking garage and convention center are not part of the Tourism Development Grant application. The 23-story complex will be built on vacant land located at the corner of Granby and Main streets in the center of Downtown Norfolk. The City of Norfolk is Coastal Virginia's historical "urban center" in a region that is becoming more urbanized and competitive in terms of its market position in national and global markets. This location will be included in the Tourism Development Zone that the City of Norfolk will establish prior to commencement of construction.

### **1-B What perceived VOID in your local tourism economy will this proposed project fill?**

Higher end hotel product and additional guestrooms for citywide conventions

### **1-C Will this proposed project fit into an existing Tourism Zone?**

Yes

### **1-D The proposed project will accomplish the following:**

#### **Project jobs created from this specific project projected to be**

With strong proximity and connectivity to these other tourist attractions, this project will result in a more compelling and differentiated downtown destination and provide potential cross-patrons for other waterfront and downtown venues. This project is a critical element of a multi-faceted strategy to retain, expand and diversify the local economy by attracting business groups and tourists 500 short-term construction; 250 long-term hotel employees once the project is completed.

#### **Projected local tax revenue from project expected to be**

Over \$2 million per year in direct local tax revenues

## Section 2: PRODUCT ANALYSIS

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### 2-A What attributes best describe your area:

#### Nature / Outdoor Recreation

Rivers, Chesapeake Bay

#### History / Heritage

Civil War, African American, Other

Other: Jewish

#### Epicurean / Experiential

Locally owned bistros and restaurants, Virginia specialties / Southern cuisine, Ethnic foods

#### Sports / Recreation

Boating/Sailing, Canoe/Raft/Kayak, Fishing-Fresh Water, Fishing-Salt Water, Sports Event College/Professional

#### Arts / Culture

Museum-Children's, Museum-History, Museum-Military, Museum-Science, Museum-Fine Art, Historic Homes, Colleges/Universities

#### Entertainment / Amusement

Festivals-Food, Festivals-Heritage, Festivals-Music, Festivals-Wine, Live Performance & concerts, Shopping-Antiques, Shopping-Malls, Other

Other: Virginia's first urban winery

#### Do you offer seasonal or year-round experiences?

YEARROUND

#### Do you have a peak season

SUMMER

### 2-B What are the major lures and drivers that attract tourists to your area?

Water related activities, military and maritime history, family friendly, value destination, military presence, meetings and conventions

### 2-C What is your UNIQUE factor? What sets you apart from the competition?

Combination of urban setting and amenities with 144 miles of shoreline provide recreational opportunities for boating, fishing, kayaking and other water activities; military and maritime culture. Norfolk also has the regions most prominent glass blowing studio and Virginia's first urban winery

### 2-D Who is your major competition?

Varies but Baltimore, Philadelphia, and Washington DC are prominent

## Section 3: S.W.O.T. ANALYSIS

### 3-A Gauge your tourism INFRASTRUCTURE

How would you rate your Transportation?

	Excellent	Average	Weak	Not Applicable
Interstates	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Secondary roads	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Signage	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bus travel	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Train travel	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Air travel	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Waterways	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Taxi service	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Biking paths	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

How would you rate your Public Services?

	Excellent	Average	Weak	Not Applicable
Police force	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Healthcare	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public Utilities	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Waste management	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rescue support	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communications	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public parks/recreation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How would you rate your Environment?

	Excellent	Average	Weak	Not Applicable
Air quality	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Traffic	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Landfills	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wetlands	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public health	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Section 3: S.W.O.T. ANALYSIS - continued

### 3-B Gauge your tourism ECONOMY & BUSINESS COMMUNITY

#### How would you rate your Accommodations?

	Excellent	Average	Weak	Not Applicable
<i>B&amp;Bs</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Inns</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Hotels</i>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Resorts</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<i>Rental property</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<i>Cottages</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<i>Cabins</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<i>Campsites</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

#### How would you rate your Attractions?

	Excellent	Average	Weak	Not Applicable
<i>Shopping</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Dining</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Historic</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Museums</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Wineries</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Music festivals</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Zoos / animal parks</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Art galleries</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Nature trails &amp; facilities</i>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

#### How would you rate your Facilities?

	Excellent	Average	Weak	Not Applicable
<i>Universities</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Performing arts</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Outdoor parks</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Convention facilities</i>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Sporting venues</i>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Event spaces</i>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Section 3: S.W.O.T. ANALYSIS - continued

### 3-C Gauge your LOCAL SOCIAL AND CULTURAL ASSETS

#### How would you describe your Heritage & Culture?

	Excellent	Average	Weak	Not Applicable
Multi-cultural diversity	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Geography	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Architecture	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Historical improvements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Language	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Material culture	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Aesthetics	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Religious diversity	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

#### How would you rate your Integrity of the Area?

	Excellent	Average	Weak	Not Applicable
Safety	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cleanliness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friendliness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of life	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

#### How would you describe your Local flavor?

	Excellent	Average	Weak	Not Applicable
Visitor friendly	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Civic-mindedness	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Respect for diversity	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political climate	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unity among civic groups	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Local sports team support	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
University/College town	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Section 3: S.W.O.T. ANALYSIS - continued

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### 3-D Gauge your TOP 3 Strengths, Weakness, Opportunities and Threats

#### **TOP 3 STRENGTHS** Characteristics of community or area that give it an advantage over others

1. Urban Setting, water related activities, military/maritime history and cultural heritage, festivals, performing arts (both institutional and independent) artistic community

#### **TOP 3 WEAKNESSES** Characteristics that place your community or area at a disadvantage relative to others

1. Perception as a budget destination, lack of perceived high end amenity such as a hotel. Lack of updated historical experiences, seasonality

#### **TOP 3 OPPORTUNITIES** External chances to achieve greater success and profits in your industry.

1. Continue to leverage and promote waterfront experiences both downtown and at Ocean View beach. Continue to leverage wineries, breweries and other unique establishments to build and enhance culinary experiences in Norfolk. Promote the development of commercial attractions and amenities designed for a higher end luxury market

#### **TOP 3 THREATS** External elements in the environment that could cause trouble for business or community

1. Reductions in defense spending, traffic congestion, diminished potential for cross visitation to other regional attractions and amenities. {Diminished potential for cross visitation to other regional attractions and amenities due to traffic congestion and lack of strong regional mass transit system.}

## Section 4: MARKETING PLAN

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### 4-A Please submit your current or existing marketing plan.

Marketing Plan submitted

### 4-B Your marketing plan will have the following affects:

Visitation increased by

approx 3%

Tourist expenditures increased by

Approx 3%

Combined development and private sector investments of

\$20,000

Visitor Satisfaction increased by

3-3.5 %

Number of partnership participants in your marketing plan

10